



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Monticello Field Office  
P.O. Box 7  
Monticello, Utah 84535  
<http://www.blm.gov/utah/monticello>

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IN REPLY REFER TO:  
UTU- 74631  
(UTY-020)

MAY 26 2009

## Decision

Kelly Shumway	:	Plan of Operations, UTU-74631,
P.O. Box 1346	:	Daneros Mine Project, Bullseye
Moab, Utah 84532	:	Canyon, San Juan County, Utah

## Plan of Operations Approved – Conditions of Approval Required Determination of Financial Guarantee Amount

The Plan of Operations for the Daneros Mine is hereby approved subject to the attached conditions of approval.

### Conditions of Approval

In order to prevent unnecessary or undue degradation, Utah Energy Corporation (UEC) must conduct operations as described in its Plan of Operations for the Daneros Mine and in accordance with the conditions of approval attached as Appendix A and Appendix B of this decision. Depending on the timing of project start-up, additional wildlife surveys may be required before operations can begin (see items 37 and 39 in Appendix A).

### Financial Guarantee

UEC must provide a financial guarantee for reclamation of the Daneros Mine in the amount of \$81,120. The financial guarantee must be provided using one or more of the acceptable financial guarantee instruments listed under 43 CFR 3809.555. The amount of financial guarantee was determined based on your previously submitted reclamation cost estimate, our review of the cost estimate, consideration of the above conditions of approval, and consultation with the Utah Division of Oil, Gas and Mining (UDOGM).

The UDOGM will serve as the lead agency in preparing a reclamation contract and in receiving an acceptable bond instrument. UEC must not begin activities under the approved Plan of Operations until the UDOGM receives your financial guarantee and gives you final written approval.

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DIV. OF OIL, GAS & MINING

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Approval of the Plan of Operations by the Bureau of Land Management (BLM) does not constitute a determination regarding the validity or ownership of any unpatented mining claim involved in the mining operation. UEC is responsible for obtaining any use rights; or local, state, or federal permits, licenses, or reviews that may be required for the operation.

**Appeal of the Decision:**

If you do not agree and are adversely affected by this decision, you may request that the Utah BLM State Director review this decision. If you request a State Director Review, the request must be received in the Utah BLM State Office at 440 West 200 South, P.O. Box 45155, Salt Lake City, Utah 84145-0155, no later than 30 calendar days after you receive or have been notified of this decision. The request for State Director Review must be filed in accordance with the provisions in 43 CFR 3809.805. This decision will remain in effect while the State Director Review is pending, unless a Stay is granted by the State Director. If you request a Stay, you have the burden of proof to demonstrate that a Stay should be granted.

If the State Director does not make a decision on your request for review of this decision within 21 days of receipt of the request, you should consider the request declined and you may appeal this decision to the Interior Board of Land Appeals (IBLA). You may contact the Utah BLM State Office to determine when the BLM received the request for State Director Review. You have 30 days from the end of the 21day period in which to file your Notice of Appeal with this office at Monticello Field Office at 365 North Main Street, P.O. Box 7, Monticello, Utah 84535, which we will forward to IBLA.

If you wish to bypass a State Director Review, this decision may be appealed directly to the IBLA in accordance with the regulations at 43 CFR 3809.801(a)(1). Your Notice of Appeal must be filed in the Monticello Field Office 365 North Main Street, P.O. Box 7, Monticello, Utah 84535, within 30 days from receipt of this decision. As the appellant, you have the burden of showing that the decision appealed from is in error.

If you wish to file a petition pursuant to regulations 43 CFR 4.21 for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the IBLA, the petition for a stay must accompany your Notice of Appeal. Copies of the Notice of Appeal and petition for a stay must also be submitted to each party named in the decision, and to the Office of the Solicitor at Federal Building Rm-6201, 125 South State Street, Salt Lake City, Utah 84138, at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted based on the standards listed below.

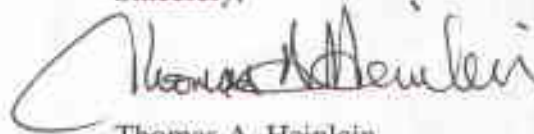
Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

1. The relative harm to the parties if the stay is granted or denied;
2. The likelihood of the appellant's success on the merits;
3. The likelihood of immediate and irreparable harm if the stay is not granted; and
4. Whether the public interest favors granting the stay.

If you have any questions, please contact Ted McDougall of my staff at (435) 587-1512 or at the above address.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas A. Heinlein", written over a horizontal line.

Thomas A. Heinlein  
Field Office Manager

cc:  
Paul Baker  
State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

## **ATTACHMENT A**

### **Conditions of Approval Daneros Mine Plan of Operations**

1. UEC shall stockpile the inert waste rock removed from the two ventilation shafts. The shaft waste rock will be used for reclamation purposes as additional cover material applied evenly over the graded waste rock dump prior to applying topsoil. The stockpile shall be located within the area of potential affect (APE) which has been previously surveyed for cultural resources.
2. All waste rock will be checked with a gamma meter prior to disposal to ensure that material placed on the dump does not exceed 0.015 percent U3O8. Any sub-ore material exceeding 0.015 percent U3O8 will be placed in an interim stockpile and mixed with ore and shipped to the mill, or placed back in worked-out areas of the mine.
3. All operations shall be conducted in a manner that complies with pertinent federal, state, and local laws and regulations, including all permit requirements.
4. UEC will provide BLM with a copy of permits, plans, and monitoring reports issued or required by other local, state, and federal entities, including: U.S. Department of Labor Mine Safety and Health Administration (MSHA) mine permits, plans, and monitoring reports; State of Utah stream alteration permit, Utah Pollution Discharge Elimination System (UPDES) permit, water well permit, water right allocation; and San Juan County building permit.
5. UEC shall implement dust suppression measures including tarping of truck beds on ore haul trucks prior to leaving the mine, and application of water and/or other approved dust suppressants on the mine haulage road and other areas of the mine.
6. UEC shall implement all control measures in its Fugitive Dust Control Plan throughout the life of the operation.
7. The ore haulage contractors shall obtain all necessary permits and clearances, following U.S. Department of Transportation and Utah Department of Transportation regulations including establishment of an Emergency Response Plan.
8. UEC shall consult with the San Juan County Road Department for the placement and installation of all safety and directional signs and cattle guards on county roads.

9. UEC shall obtain any necessary gravel for the truck haul route from an authorized county material source and shall coordinate with the San Juan County Road Department prior to use.
10. Buildings and other facilities shall be painted a BLM-approved color from either the chart of Standard Environmental Colors or the chart of Supplemental Environmental Colors.
11. All chemicals and hydrocarbon products (including used oil) shall be contained and controlled in accordance with proposed containment measures and the Spill Prevention Control and Countermeasure (SPCC) Plan prepared pursuant to 40 CFR 112.
12. The BLM Hazardous Material Coordinator shall be notified as soon as possible if a spill occurs during ore transport or if an incident occurs resulting in the spill of petroleum products. Spill containment shall be initiated immediately and contaminated material shall be moved to the nearest approved landfill or disposal facility as appropriate.
13. In accordance with 29 CFR 1910.1200(g), UEC shall maintain a file containing Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances which are utilized during the course of construction, mining, and reclamation operations. This file shall be available for reference and inspection at all times at the site.
14. A roll-off container for disposal of solid waste shall be located on site. All solid waste shall be placed in the container and transported to an approved land fill.
15. Any solid wastes that qualify as low-level wastes for radiation contamination, per Nuclear Regulatory Commission (NRC) guidelines (i.e., not a product or a by-product of ore extraction or production), shall be handled in accordance with the Low-Level Radioactive Waste Policy Amendments Act of 1985 at an NRC-approved facility.
16. Recycling of applicable materials such as batteries, scrap metal, used oils, tires, and antifreeze shall take place during mine operations.
17. If a solvent station is installed to clean parts, it shall consist of a sink mounted on a small drum of solvent. The solvent shall be recycled to the drum after each use.
18. The operator shall immediately notify the BLM authorized officer of any cultural resources discovered as a result of operations under this authorization. The operator shall suspend all activities in the vicinity of such discovery and protect it until notified to proceed by the authorized officer.



19. All UEC employees and subcontractors must be informed by UEC before commencement of operations that any disturbance to, defacement of, or collection or removal of archaeological, historic, or sacred material will not be permitted and persons knowingly disturbing historic or archaeological sites will be subject to prosecution.
20. The BLM authorized officer must be notified by telephone immediately if human remains, funerary items, sacred objects, or objects of cultural patrimony are discovered. Further, the operator must stop activities in the vicinity of the discovery and protect it until notified to proceed by the authorized officer.
21. If vertebrate fossil(s) are encountered during mining operations, UEC shall immediately cease work in that area of the mine and notify the BLM authorized officer of the discovery.
22. UEC shall implement reclamation measures specified in its MPO, but shall increase its proposed seed broadcast rate from 2 lbs/acre to 4 lbs/acre.
23. All topsoil shall be salvaged from disturbed areas and stockpiled prior to surface-disturbing activities.
24. All drill holes shall be plugged in accordance with Utah Division of Oil, Gas and Mining Rule R647-2-108.
25. As part of site reclamation, UEC shall excavate the ore stockpile area to remove all radionuclide-bearing rock with values above background. The rock shall either be transported to the White Mesa Mill for treatment or shall be returned to the mine workings.
26. UEC shall implement a Storm Water Pollution Prevention Plan, and shall install erosion control devices before stripping of topsoil and grading. Erosion and sediment control devices shall be maintained throughout the life of the mining operations.
27. Safety signs and a gate shall be installed on County Road D0029 at the entrance to the mine to allow access by authorized mine personnel only.
28. UEC shall not install road signs directing the public onto County Road D5319.
29. UEC's Weed Control Plan shall be implemented throughout the life of the mining operation and during reclamation.
30. If necessary, UEC shall consult with the BLM and County weed control staff regarding problematic weed infestation areas, and appropriate control measures will be agreed upon prior to initiation.

31. Water samples shall be taken and analyzed from the new well, and a report shall be submitted to BLM prior to using water for dust suppression.
32. Ore haul trucks shall be checked for radiation levels prior to leaving the mine site and the mill site on the return leg. If gamma readings are found to exceed the standards of Title 49 CFR 173, (that the external dose rate may not exceed an external radiation level of 1,000 millirems per hour [mrem/hr] at 3 meters from the unshielded material), the ore truck shall be cleaned using power wash or other method to meet appropriate radiation standards.
33. Portable sanitation facilities shall be provided on site during mining and reclamation operations, and disposal shall be at an approved facility.
34. The mine shall operate in accordance with federal regulations that are designed to protect the mine workers and general public from radiation exposure.
35. Workers shall be protected through establishment of adequate ventilation and monitoring of radiation levels in the underground work areas in accordance with MSHA regulations at Title 30 CFR 57.5037 and Title 30 CFR 57.5047.
36. UEC shall notify BLM of temporary cessation of operations and shall secure the site using locked closures on all mine openings and buildings, and by maintaining structures, equipment, and facilities in an otherwise safe and environmentally acceptable condition.
37. No surface-disturbing activities or occupancy are allowed from April 1 to June 15 for lambing, and from October 15 to December 15 for rutting desert bighorn sheep. The BLM Field Manager may grant an exception if it is determined that the animals are not present in the project area or the activity can be completed so as to not adversely affect the animals.
38. During times of temporary cessation (longer than one month), the entrance to the mine will be closed to exclude bats from entering the mine. The preferred method for exclusion of bats from an adit or shaft is to block the portal or collar with 1-inch- diameter chicken wire.
39. Raptor management will be guided by *Best Management Practices for Raptors and Their Associated Habitats in Utah* (BLM 2008b:Appendix M). If mining operations are scheduled to begin between the dates of January 1 and September 31, raptor surveys will be required prior to operations. Field surveys will be conducted as determined by the authorized officer of the BLM. Based on the result of the field survey, the authorized officer will determine if appropriate buffers and timing limitations are necessary.
40. Underground mine equipment with internal combustion engines shall meet MSHA emission standards.

41. The generator must meet strict U.S. Environmental Protection Agency (EPA) New Source Performance Standards for emissions at 40 CFR Part 60.
42. Stationary mine equipment located on the surface, such as generators, with internal combustion engines of less than or equal to 300 design-rated horsepower must not emit more than 2 grams (g) of nitrogen oxides (NO<sub>x</sub>) per horsepower-hour. Equipment with 300 design-rated horsepower must not emit more than 1 g of NO<sub>x</sub> per horsepower-hour. This requirement does not apply to engines of less than or equal to 40 design-rated horsepower.
43. UEC shall use clean low-sulfur fuels for all diesel engines.



## **ATTACHMENT B**

### **Compliance and Monitoring Requirements Daneros Mine Plan of Operations**

1. UEC shall monitor flow rates at the Bullseye Spring and Well on a quarterly basis, beginning immediately prior to mine development, and continuing until reclamation is completed. An annual report shall be submitted to the BLM. Copies of the reports shall be submitted to the water rights owner. If it is determined that flow rates are diminished as a result of mining activity, UEC shall be required to mitigate potential damage to the livestock operations through a replacement well or other water replacement measures to be determined by BLM in consultation with the Division of Water Rights.
2. Composite samples shall be made from quarterly waste rock grab samples taken from the waste rock dump and analyzed once per year to ensure that the material is still considered inert. This data and an annual summary report shall be provided to the BLM. If waste rock sampling indicates acid forming potential, UEC shall prepare and submit a mitigation plan to the BLM for approval.
3. UEC shall measure radon levels and flow rates in the mine exhaust air consistent with the standards of EPA regulations at 40 CFR Part 61. This data would then be input into an EPA air-modeling program to predict radiation levels at the nearest residence. The collected data and modeling results shall be reported annually to the Utah Division of Air Quality. UEC shall provide copies of these reports to the BLM.
4. Personal monitoring and active ventilation for radon emissions and gamma exposure rates in the mine workings shall be implemented as required by MSHA safety provisions.
5. UEC shall implement the monitoring and control measures outlined in the Noxious Weed and Invasive Plant Control Plan. Annual reports shall be submitted to the BLM and San Juan County pursuant to Section 8.0 of the Plan.
6. A gamma survey by a certified Radiation Safety Officer shall be conducted on the waste rock dump after application of cover material and prior to seeding. The survey report shall be submitted to BLM. If the gamma radiation dose, assuming a 14-day exposure period, is found to exceed 0.1 mrem/yr over background, then UEC shall apply additional cover material to meet this standard.
7. All waste rock will be checked with a gamma meter prior to disposal to ensure that material placed on the dump does not exceed 0.015 percent U3O8. Any sub-ore material exceeding 0.015 percent U3O8 will be placed in an interim stockpile and mixed with ore and shipped to the mill, or placed back in worked-out areas of the mine.